

STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION

MUR: No. 04-0075

STATEMENT OF REASONS OF EXTERNAL INVESTIGATIVE CONSULTANT

On behalf of the Citizens Clean Elections Commission ("Commission"), the External Investigative Consultant hereby provides the Statement of Reasons showing no reason to believe violations of the Citizens Clean Elections Act and Commission rules occurred.

I. Procedural Background

On May 5, 2005, Patrick Meyers ("Complainant") filed a complaint against Meg Burton Cahill ("Respondent"), a participating candidate for State Representative, District 4, alleging that Respondent failed to pay the vendor directly for goods and services and exceeding the petty cash limitation of \$1,100. Exhibit A. On April 26, 2005, Respondent responded to the complaint and provided supporting documentation for the campaign expenditures. Exhibit B. Respondent's campaign finance report for the 2004 election cycle is attached as Exhibit C.

II. Alleged Violations

1. Respondent reported payment of \$2,934.56 on July 7, 2004 to Primary Consultants for election consulting. Complainant alleges that this is an incomplete description of an expenditure. Respondent provided an invoice from Primary Consultants that offers sufficient detail that this invoice was for solely for consulting services. Exhibit B.

2. Respondent reported payment of \$2,500.00 on July 9, 2004 to Primary Consultants for signs. Complainant alleges that Primary Consultants is not a sign printer, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that J&R Graphics provided the signs for a total of \$2,500.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing.

3. Respondent reported payment of \$1,000.00 on August 4, 2004 to Primary Consultants for palm cards. Complainant alleges that Primary Consultants is not a printer, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that J&R Graphics provided the printing for \$800.00 and Kathy Reed Graphic Designs provided the graphic design for \$200.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing.

4. Respondent reported payment of \$325.76 on September 2, 2004 to Primary Consultants for post cards. Complainant alleges that Primary Consultants is not a printer, and

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therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that J&R Graphics provided the printing for \$325.76. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

5. Respondent reported payment of \$2,804.61 on October 18, 2004 to Primary Consultants for a definer mailing. Complainant alleges that Primary Consultants is not a printer, a mail house or a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that J&R Graphics provided the printing for \$998.50, Drum Mailing provided the postage and mail house charges for \$1,606.11 and Kathy Reed Graphics provided the design for \$200.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

6. Respondent reported payment of \$3,974.88 on October 26, 2004 to Primary Consultants for VBM chases, a mailing and a phone bank. Complainant alleges that Primary Consultants is not a printer, a mail house or a phone bank, and therefore the Respondent failed to pay the vendor directly. Respondent provided two invoices from Primary Consultants that offers sufficient detail. For the first invoice totaling \$1,700.10, Drum Printing provided the postage and mail house charges for \$829.52, J&R Graphics and Printing provided the VBM chase card for \$540.47 and Blaemire Communications provided the mailing list for \$330.11. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. For the second invoice totaling \$2,274.78, Drum Mailing provided the postage and mail house charges for \$524.78, Datacall provided the phone bank for \$1,500.00 and The Campaign Finance Company provided the automated phone calls for \$250.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

Claimant also questioned if Respondent is reporting expenditures as they incurred, as the invoices were paid on the same day to Primary Consultants. The dates of the two invoices were October 21, 2004 and October 25, 2004, which were both reported as expenditures within a timely manner.

As a participating candidate, Respondent was not required to file the trigger reports as expenditures were made prior to the general election. Pursuant to A.R.S §§ 16-941(B) & -958, nonparticipating candidate shall file an original and supplemental reports when expenditures exceed 70 percent and 10 percent, respectively, of the general election spending limit and shall file the reports within one business day of reaching the trigger during the last two weeks of the election. Rather, participating candidates shall comply with the reporting deadlines set forth in A.R.S § 16-913(B)(2), which required all campaign activity that occurred between October 14, 2004 and November 22, 2004, be reported no later than December 1, 2004, in the Post-General Report. Accordingly, Respondent complied with the reporting requirements applicable to participating candidates by reporting the expenditure to Primary Consultants for services provided just days before the general election in the Post-General Report. The invoices are attached with Exhibit B.

7. Respondent reported payment of \$10,350.00 on October 26, 2004 to Primary Consultants for a media buy. Complainant alleges that Primary Consultants is not a media

company, and therefore the Respondent failed to pay the vendor directly. Respondent provided an amended invoice that offers sufficient detail that Primary Consultants subcontracted production, talent and media buy to Cox Media (\$10,000.00 for media buy and \$350.00 for production and talent fee). Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

8. Respondent reported payment of \$17,330.99 on October 28, 2004 to Primary Consultants for a media buy and mailings. Complainant alleges that Primary Consultants is not a media company, a mail house, a phone bank, a printer or a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent provided two amended invoices that offer sufficient detail. The first invoice, totaling \$3,530.99, includes detail that Cox Media provided the media buy for \$2,500.00, and Drum Mailing provided two VBM chases for \$142.13 and \$888.86 respectively. The second invoice, totaling \$13,800.00, includes detail that J&R Graphics provided the printing for \$5,600.00, Drum Mailing provided the postage and mailhouse charges for \$7,000.00, Kathy Reed Graphics provided the graphic design for \$1,200.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

Claimant also questioned if Respondent is reporting expenditures as they incurred, as the invoices were paid on the same day to Primary Consultants. The dates of the two invoices were October 27, 2004 and October 28, 2004, which were both reported as expenditures within a timely manner, as previously explained.

9. Respondent reported payment of \$1,398.98 on October 29, 2004 to Primary Consultants for a VBM chase, mailing and postage. Complainant alleges that Primary Consultants is not a mail house, a printer or a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that Drum Mailing provided the VBM chase, printing and mailing for \$1,398.98. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

10. Respondent reported payment of \$2,500.00 on November 1, 2004 to Primary Consultants for an additional media buy. Complainant alleges that Primary Consultants is not a media company, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that Cox Media provided a media buy for \$2,500.00. Exhibit B.

11. Respondent reported payment of \$5,474.60 on November 5, 2004 to Primary Consultants for a phone bank. Complainant alleges that Primary Consultants is not a calling house, and therefore the Respondent failed to pay the vendor directly. Respondent provided an invoice from Primary Consultants that offers sufficient detail that Datacall provided a phone bank for \$4,885.80 and GOTV calls for \$588.80. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

Claimant also questioned if Respondent is reporting expenditures as they incurred, as the invoices were paid on the same day to Primary Consultants. The date of the invoice was November 4, 2004, which was reported as expenditures within a timely manner, as previously explained.

12. Respondent reported payment of \$1,230.46 on November 12, 2004 to Primary Consultants for palm cards, auto dialer and sign removal. Complainant alleges that Primary Consultants is not a calling house or a printer, and therefore the Respondent failed to pay the vendor directly. Respondent provided an amended invoice that provides sufficient detail that J&R Graphics provided printing for \$187.96, The Campaign Finance Company provided auto calls for \$842.50 and Lee Stautberg provided sign removal for \$200.00. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

Claimant also questioned if Respondent is reporting expenditures as they incurred, as the invoices were paid on the same day to Primary Consultants. The date of the invoice was November 10, 2004, which was reported as expenditures within a timely manner, as previously explained.

13. Respondent reported payment of \$900.00 on November 22, 2004 to Primary Consultants for campaign consulting. Respondent provided an invoice from Primary Consultants that offers sufficient detail that this invoice was solely for consulting services. Exhibit B.

Claimant also questioned if Respondent is reporting expenditures as they incurred, as the invoices were paid on the same day to Primary Consultants. The date of the invoice was November 10, 2004, which was reported as expenditures within a timely manner, as previously explained.

14. Respondent questioned Respondent reporting expenditures after the General Election, as they appear unrelated to expenses incurred up to and including November 2, 2004. This included payments for postage, stamps and copies to the Democratic Party and others which allowed an \$80.46 balance in her campaign account. Respondent responds that these were for legitimate campaign expenditures and includes a copy of an invoice from the Democratic Party for \$300.00 dated November 5, 2004 for data entry services. Postage, stamps and copying expenditures were for thank you notes to volunteers; a legitimate campaign expenditure.

III. No Reason to Believe Finding

Based on the evidence provided to the Commission and the Respondent's campaign finance reports, the External Investigative Consultant recommends the Commission finds no reason to believe violations of the Act or Commission rules occurred warranting an investigation.

If the Commission determines by an affirmative vote of at least 3 of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify Respondent of the finding setting forth: (1) the sections of the statute or rule alleged to have been violated, (2) the alleged factual basis supporting the finding, and (3) an order requiring compliance within fourteen days. During that period, the Respondent may provide any explanation to the Commission, comply with the

order, or enter into a public administrative settlement. A.R.S. § 16-957(A) & A.A.C. R2-20-208(A).

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). Upon expiration of the fourteen days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. § 16-942, unless the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. § 16-957(B).

Dated this ____ day of July, 2005

By: _____
L. Gene Lemon
External Investigative Consultant